

Financial Services Bill to unlock growth and investment across the UK

- Legislation to enhance the competitiveness of UK financial services and unlock growth and investment across the UK was introduced to Parliament today (20th July).
- The Financial Services and Markets Bill repeals hundreds of pieces of EU retained law to enable a coherent, agile and internationally respected regime that works in the interests of the British people.
- Consumers will be protected through legislation safeguarding access to cash for generations to come and enabling the Payment Systems Regulator to direct banks to reimburse victims of Authorised Push Payment fraud.

Legislation to enhance the competitiveness of the UK financial services sector and unlock tens of billions of pounds of investment across the UK economy was introduced to Parliament today (Wednesday 20 July).

The Financial Services and Markets Bill repeals hundreds of pieces of EU retained law to deliver a comprehensive model of regulation for the UK – establishing a coherent, agile and internationally respected approach to financial services regulation that works in the interests of British people and businesses.

The Bill will implement the government's vision for the sector that is open, green, technologically advanced and globally competitive – while maintaining high levels of consumer protection.

Chancellor of the Exchequer, Nadhim Zahawi said:

“Today is a landmark day for financial services in the UK.

“Through the introduction of this Bill, we are repealing hundreds of pieces of burdensome EU regulations and seizing on the benefits of Brexit to ensure the financial sector works in the interests of British people and businesses.”

The Bill implements the outcomes of the Future Regulatory Framework Review, giving the financial regulators greater responsibility for setting the requirements for UK financial services, and for the first time, a new secondary objective to promote the growth and competitiveness of the UK economy including the financial services sector. This will complement the regulators' existing objectives of ensuring the safety and soundness of firms, protecting and enhancing the integrity of the UK financial system, promoting competition in the interests of consumers, and ensuring that consumers receive an appropriate degree of protection.

The Bill also includes enhanced mechanisms for engagement with stakeholders and accountability, scrutiny and oversight of the regulators by Parliament and the Treasury. This includes a new 'rule review' power which will enable

the government to direct the regulators to review their rules where it is in the public interest.

To maintain the UK's position as an international, open and competitive financial centre, the Bill will reform EU-derived legislation governing our capital markets, ensuring that our rulebook is fair, outcomes based and maintains high regulatory standards.

This includes removing the share trading obligation and double volume cap from MiFID II, which restrict how and where firms can execute trades, and granting the FCA new powers to enhance the transparency and effective function of markets.

The Bill will also give new powers to the government and regulators to better enable them to implement Mutual Recognition Agreements – which are agreements between two trading partners, designed to remove technical and regulatory barriers to trade.

To ensure the UK remains at the forefront of new technologies and innovations, the Bill will enable certain types of stablecoins to be regulated as a form of payment in the UK. In fostering these new innovations, the Bill will also enable the creation of Financial Markets Infrastructure Sandboxes – allowing firms to test the use of new technologies and practices in financial markets, increasing efficiency, transparency and resilience of new products.

As part of plans to ensure consumers are protected, the legislation includes measures that will safeguard access to cash for generations to come; powers to enable the Payments Systems Regulator to direct banks to reimburse victims of APP fraud; and establishes a new regulatory pathway for firms to be able to approve financial promotions, ensuring they better reflect FCA rules which state that promotions should be fair, clear, and not misleading.

As part of this approach, the government will ensure greater financial inclusion through powers enabling credit unions, which provide low-interest forms of credit, to offer a wider range of products to their members

Contact Information

HMT Press Office

020 7270 5238

pressoffice@hmtreasury.gov.uk

Follow us on Flickr to download the latest photos from HM Treasury:
<https://www.flickr.com/photos/hmtreasury/>

Notes to editors

Unknown Grenadier Guard laid to rest

News story

An unknown Grenadier Guard killed in the Great War finally laid to rest in France



Members of the Grenadier Guards who laid one of their forebears to rest. Crown copyright.

An unknown soldier of the Grenadier Guards who died during World War One was buried earlier today (Wednesday 20 July 2022) more than a century after his death. The service was organised by the MOD's Joint Casualty and Compassionate Centre (JCCC), also known as the 'MOD War Detectives', and was held at the Commonwealth War Graves Commission's (CWGC) Guards' Cemetery, Lesbeoufs, France.

A drummer and flautist lead the burial procession. Crown copyright.

The remains were recovered during construction work on the outskirts of Ginchy, a small village in northern France. Artefacts recovered with the casualty included Grenadier Guards cap badges and shoulder titles as well as a small silver cup with some initials engraved on it. DNA testing was attempted but was unsuccessful due to the condition of the remains. The location of the casualty suggests that they were probably killed during action in the Ginchy area in September 1916.

Nicola Nash, MOD JCCC Caseworker said:

Although we were not able to identify this soldier of the Grenadier Guards, he has been buried with the utmost care and respect by his regiment. He is now laid to rest and 'Known Unto God', with heartfelt thanks from us all for his bravery and sacrifice.

The bearer party was provided by the Grenadier Guards with musicians from the Grenadier Guards band. The service was conducted by the Reverend Martin Wainwright, CF, who said:

It was a privilege to gather as the Grenadier regimental family and pay our respects to one of our own and lay them to rest with dignity and honour.

The unknown Grenadier Guard is carried to his final resting place. Crown copyright.

Area Director for France at the Commonwealth War Graves Commission, Xavier Puppink, said:

Today, this soldier of the Grenadier Guards has been laid to rest at the Guards Cemetery in Lesbeoufs, with honour and dignity. We will ensure his sacrifice is not forgotten and care for his grave in perpetuity.

Published 20 July 2022

[UK signs second state-level agreement with North Carolina](#)

- UK signs trade MoU with America's 'top state for business', following agreement with Indiana in May
- The clean growth-focused agreement aims to help businesses on both sides trade more easily with one another and boost investment
- Government due to sign more state-level agreements – with Oklahoma and South Carolina in the coming months

The UK today (20 July) marks another milestone in its US state level strategy as it signs its second trade and economic Memorandum of Understanding (MoU) with a US state – North Carolina.

Like the MoU signed with Indiana in May, the agreement with North Carolina will look to tackle unnecessary barriers to trade, cut costs and slash paperwork so British and North Carolinian businesses can work together more efficiently.

The MoU will boost collaboration in areas such as clean tech and energy infrastructure by enabling both sides to share ideas, skills and knowledge, supporting public and private partnerships and driving capital investment. It will also target trade barriers, increase investment, and enhance business networks in previously underinvested regions to support the UK's levelling up agenda.

The partnership will seek to accelerate growth in green trade, particularly in electric vehicles and offshore wind. The UK is already a global leader in wind power with more offshore installations than anywhere else in the world.

North Carolina is the ninth largest state in the US in terms of population and its nearly \$550bn GDP is approximately the size of Sweden's. Its biggest city Charlotte is the second largest financial centre in the US after New York and the Piedmont region is famous for its world-leading clinical research hub, the Triangle.

The state already buys \$1.6bn (or £1.2bn)- of goods from the UK, making us their 12th largest export market. It offers UK businesses opportunities in fast-growing industries such as automotive, cleantech and manufacturing. For instance, British-based INEOS Automotive has chosen the state to open its North America HQ in Raleigh.

Minister of State for International Trade, Penny Mordaunt said:

Our state-level work shows we can be dynamic and creative with our trade partners. Whilst we continue engaging with Washington D.C., we're speaking to businesses and political leaders right across America – from North Carolina to California – to grow our already £200bn trade relationship.

North Carolina is home to some of the US' most exciting companies – from Honeywell to Labcorp – and was recently named America's top state for business.

Our twin-track approach to trade with the US is helping cut bureaucracy, reduce costs and increase exports and investment, and I look forward to seeing UK businesses reap the benefits.

The UK is continuing to seek out ways to remove barriers to trade at a state-level as part of a wider US trade strategy. We plan to sign additional agreements with Oklahoma and South Carolina in the coming months, with even more in the pipeline.

The UK has also delivered major trade breakthroughs at the federal level. This includes removing restrictions preventing high-quality Welsh lamb and Scottish beef from being sold in the US and resolving the Section 232 tariff dispute, resulting in the removal of 25% tariffs on British steel, a huge win for UK steelmakers.

Duncan Edwards CEO BritishAmerican Business said:

On behalf of our network of chapters and members across the UK and USA, BritishAmerican Business is pleased to see the signing of a Memorandum of Understanding on trade and investment between the United Kingdom and the state of North Carolina.

The UK and USA have an outstanding trade and investment relationship but there is always more that can be done to make it better. Agreements such as this are helpful in creating ways for businesses from both markets to fully understand the opportunities available to them as they plan their expansion across the Atlantic.

Background

[WTO Trade Policy Review of Moldova: UK Statement](#)

Chair, let me join others in welcoming State Secretary, Vadim Gumene, from the Ministry of Economy, to this Trade Policy Review and pay tribute to Moldova's excellent Ambassador Tatiana Molcean, who seems so omnipresent in this city that I wonder if she has an identical twin sister. Buna dimineata! [Good morning!]

Let me echo others' thanks to the Government of Moldova and to colleagues from the WTO Secretariat for producing their respective reports. And let me also thank our Discussant, the Ambassador of Thailand, for ably facilitating this review and for her reflections. From the outset, let me recognise, as Ambassador Filipenko of Ukraine has so eloquently done, Moldova's extraordinary efforts to support Ukraine during the course of Putin's aggression. Picking up the comments from the representative of the Russian Federation, it's time for President Putin to respect the rules and procedures of international law and withdraw his troops from the sovereign territory of Ukraine and put an end to the crimes against humanity being perpetrated against the people of Ukraine.

Let me too recognise some of the extraordinary measures which Moldova has taken. It has welcomed, and continues to welcome, hundreds of thousands of Ukrainians that have crossed the border, more per head of population than any other country in the world – the vast majority of whom are women, children and the elderly. What generosity. What solidarity. In energy, Moldova has – alongside Ukraine – integrated into the regional-international electricity grid. It is also working on a joint crisis management platform. And yet, despite the enormous challenges it faces, Moldova is still committed to fulfilling its WTO obligations. This is evidenced by Moldova's efforts here today and the significant strides it has made since its first review. It reflects Moldova's strong support for this Organization and for the Rules-

Based Multilateral Trading System, both inside and outside of this house.

Turning to our bilateral relationship, I am pleased to report that during this review period, the United Kingdom and Moldova signed a Strategic Partnership, Trade & Cooperation Agreement, which entered into force in 2021. This agreement has considerably strengthened our trading relationship. In 2021, total trade in Goods and Services between the UK and Moldova was £1.2 billion. That's an increase of over 30% from 2020. Like the UK, Moldova enjoys a strong services sector, which attracted the largest share of inward FDI stock, led by financial and insurance activities. Our agreement also sets out the UK and Moldova's ambitions for our future relationship including the strengthening of our political, economic, security and cultural ties. From a commercial perspective, several large UK companies are already established in Moldova, including in the pharmaceutical sector. The British Embassy in Chişinău has also supported a number of projects to promote the development of the Moldovan private sector, including the manufacturing of luxury British clothing brands in Moldova. Turning to the Reports produced for this review, the UK would like to thank Moldova for its helpful responses to our advanced questions. For transparency, the UK had asked for clarifications regarding Moldova's regulatory framework, national development strategy, IP enforcement mechanisms, and agricultural sector reforms.

Chair, the United Kingdom warmly welcomes the broad range of reforms that Moldova has implemented over the last five years. These reforms have been crucial for businesses in both our countries. For example, authorities have reduced the number of activities subject to licensing, and where licensing is required, this is now generally done electronically. Moldova has also helpfully reduced the number of inspection bodies and inspections, with a view to lowering regulatory costs for businesses while increasing the efficiency of controls. These measures provide an attractive environment to facilitate greater levels of investment. The UK also welcomes the active role that Moldova plays in discussions and reform initiatives here within the WTO. Specifically, let me commend Moldova's accession to the GPA in 2016 and its participation in a number of Joint Initiatives which are delivering for businesses and consumers around the world, including the Services Domestic Regulation and e-commerce.

In conclusion, the United Kingdom welcomes the progress that Moldova has made since its first review. Moldova's reforms have resulted in a more open and more liberal economy which welcomes and values foreign participation, and which champions the values of the Rules-Based Multilateral Trading System. The UK welcomes Moldova's intent to build on these developments and looks forward to continuing our close relationship, as proactive, progressive and outward-facing partners. We wish our Moldovan friends and partners a fruitful second Trade Policy Review.

Thank you.

1.2 million low earners to see boost in take-home pay

- 1.2 million low earners to see a boost to their take-home pay from 2025
- To make it easier for people to sponsor refugees under the Homes for Ukraine scheme, payments made will be tax-free and corporate landlords will have some of their tax bills waived
- Consultation published on Digitalising Business Rates to help deliver a more responsive system to better target reliefs in the future, part of the government's Business Rates Review

Around 1.2 million low earners will receive top-ups to their take-home pay from 2025 which could be worth hundreds of pounds a year.

Today the government has published legislation confirming that low earners who save through a Net Pay Arrangement (NPA) will get the same level of government top-up as those who use Relief at Source schemes.

For NPAs, pension contributions are deducted before income tax is calculated, whereas with Relief at Source it is after.

1.2 million people are eligible for this pay boost – with 200,000 set to see a £100 increase in their take-home pay. The average beneficiary will receive an extra £53 a year.

75% of those to benefit are women, whilst 11% are based in the North-West and Merseyside and 12% are in London.

Financial Secretary to the Treasury Lucy Frazer said:

A quirk in our pensions tax system has meant that over a million low-earners have lost out on government top-ups to their pensions, resulting in comparatively less take home pay.

We are correcting this injustice so low earners will get the same level of government support, no matter what type of pension they use.

Since 2015, people saving through a Net Pay Arrangement (NPA) have had less take home pay compared to similar earning savers who use a Relief at Source scheme. This is because those using the latter type of pension scheme receive a 20% top-up from the government on their savings, whilst those using NPAs receive tax relief at their marginal rate – 0%.

Today the government has published legislation confirming that it has rectified this anomaly, as low earning pension savers will receive similar top-ups regardless of what pension scheme they are using. Beneficiaries will receive their top-ups directly into their bank accounts from 2025 and HMRC will be notifying those who are eligible then. The government has pledged to deliver these changes in full and on time and will ensure the complex nature of these IT changes are ready to deliver this wide-impacting change.

The announcement comes as a number of documents are published by the government today, including draft legislation for the Finance Bill 2022-23 for technical consultation.

As part of this, the government is making it easier for people to get involved with the Homes for Ukraine scheme. The government confirmed today that the £350 payments made by Local Authorities to sponsors under the Homes for Ukraine scheme will be exempt from income tax and corporation tax. The government has also confirmed that corporate landlords will not face any unfair obstacles or immediate tax burdens if they choose to make their homes available for refugees fleeing Putin's war in Ukraine.

Under usual rules, companies who do not use their residential properties for a commercial reason can face the Annual Tax on Enveloped Dwellings (ATED) or a 15% rate of Stamp Duty Land Tax (SDLT).

Draft legislation published today confirms that company-owned properties made available to refugees under the Homes for Ukraine scheme will receive full tax relief from ATED and the 15% SDLT rate – potentially saving £3800 on a property worth between £500,000 and £1 million.

The government has also published its plans for how it will translate the Pillar Two global tax reforms into domestic law. These rules are set to apply from 31 December 2023 and follow the historic two-pillared OECD agreement of 137 countries to address the tax challenges that arise from the global digital economy. Pillar Two means large multinationals will be subject to a minimum 15% rate of tax on profit in each country they operate in, whilst Pillar One ensures they pay their fair share of tax in the countries where they do business.

Also as part of today's announcements, the government has published draft legislation to:

- Introduce a package of Air Passenger Duty (APD) reforms to bolster air connectivity within the Union, through a 50% cut in domestic APD (benefiting 9 million passengers), and further aligning APD with our environmental objectives by adding a new ultra-long haul distance band, as announced at Autumn Budget 2021.
- Amend the qualifying Research and Development (R&D) expenditure to include data and cloud costs, to refocus the reliefs towards innovation in the UK, and to implement measures to improve compliance, as announced at Autumn Budget 2021.

- Make the Capital Gains Tax (CGT) process easier for separating and divorcing couples, who currently only have until the end of each tax year to agree and transfer their assets before facing a potential CGT charge, which can leave those separating towards the end of the year with very little time available to arrange their financial affairs. New legislation will mean that they have three full tax years, effective from April 2023. This follows a recommendation from the Office of Tax Simplification.

A consultation on Digitalising Business Rates (DBR) has also been published, seeking views on proposals to link business rates data held by billing authorities with tax data held by HMRC, to create opportunities to better target business rates policy, including reliefs, in the future by having access to more comprehensive data. This is part of the government's Business Rates Review, which concluded at Autumn Budget 2021 and included further reforms to deliver more frequent revaluations, freezing the multiplier in 2022-23 to put the brakes on rate increases, and 50% business rates relief for retail, hospitality and leisure firms.

Further information

- For a full list of announcements from today's Legislation Day please see the Written Ministerial Statement [here](#)
- The 200,000 people eligible for a top-up of £100 or more is based on the total number of people in the UK who contribute at least £500 every year into their Net Pay Arrangement pension but have no tax relief on that contribution.
- For average tax savings as a result of Homes for Ukraine ATED and 15% SDLT tax relief see here: [Annual Tax on Enveloped Dwellings](#)
- Read the [conclusion to the government's Business Rates Review](#)
- Read the [OECD's model rules](#)
- The government is committed, where possible, to publishing most tax legislation in draft for technical consultation before the relevant Finance Bill is introduced into Parliament. This allows for transparent scrutiny of tax measures, giving greater certainty and stability to taxpayers.
- The government announced its intention to legislate for the Homes for Ukraine tax-related measures in a WMS on 31 March. Today the government has confirmed this in draft legislation. [Read March's WMS](#)

Worked example on pension top-ups

Alex and Sam are two employees who earn below the personal allowance. Alex is a member of a pension scheme using net pay arrangements and Sam is a member of a pension scheme using RAS.

Both want £500 to go into their scheme.

Alex (NPA) has the full £500 contribution deducted before the tax rules are applied to her earnings. She does not have to use any of her personal allowances in order to pay her pension contributions out of untaxed income.

Once her pension contribution is deducted the rest of her earnings are taxed but there is no tax to pay. All of the £500 deducted from her earnings goes to the pension scheme.

Sam (RAS) has no tax to pay on her earnings as they are below the personal allowance. The equivalent contribution is paid to her pension scheme as if she had had basic rate tax at 20% deducted from the full £500 contribution. Out of £500 of earnings, £400 is paid to Sam's RAS pension scheme as a contribution. Although no tax is paid to HMRC, the RAS pension provider is still entitled to claim £100 in tax relief from HMRC so Sam will have £500 in her scheme.

Both Alex and Sam have £500 in their pension scheme. As in the previous example, Alex has had £500 deducted from her earnings but in this case Sam has had only £400 deducted from her earnings. Sam has more money in her pay packet but she has used up more of her personal allowance to make contributions out of her untaxed earnings.

Impact of the Low Earners Top-Up Policy

From 2025, Alex would be eligible for a top-up of £100 to be paid into her bank account. Alex will receive a letter from HMRC notifying her of eligibility and will need to provide her bank account details to HMRC to allow HMRC to make the payment. In future years, HMRC should be able to make the payment without Alex needing to supply details.